

October 24, 2003

Mr. Eric Schlaf
Illinois Commerce Commission
Energy Division
527 East Capitol Avenue
Springfield, Illinois 62701

Dear Mr. Schlaf:

On September 22, 2003, pursuant to its authority under Section 16-109 of the Public Utilities Act, the Illinois Commerce Commission ("Commission") approved an Order in Docket No. 03-0582 initiating a proceeding to investigate the need for, and desirability of, additional unbundling of delivery services for some or all electric utilities. In its Order, the Commission directed Staff to seek comments from interested parties concerning the following two issues:

1. Are there any additional delivery service that should be unbundled?
2. Should metering and billing services be further unbundled?

In its Order the Commission also authorized Staff to conduct workshops, if appropriate, in addition to seeking comments from interested parties. Illinois Power does not believe that workshops need to be held in order to adequately examine these issues; however, if Staff believes that such workshops are necessary, Illinois Power would participate in those meetings.

The following are Illinois Power's comments:

1. Are there any additional delivery services that should be unbundled?

Illinois Power does not necessarily object to further unbundling efforts, provided that sufficient customer demand exists or that sufficient economic advantage exists to justify the expenses involved.

To date, Illinois Power is unaware of any customer demand for further unbundling of delivery services. Illinois Power has not received requests from customers or suppliers for further unbundling. In fact, customer adoption of unbundled delivery options currently being offered has been considerably slower than Illinois Power had originally

anticipated. Given the current limited participation in unbundled services of customers and vendors, Illinois Power has not developed a clear picture of the benefits or bottlenecks associated with the current level of unbundling.

2. Should metering and billing services be further unbundled?

Again, Illinois Power does not necessarily object to further unbundling efforts, provided that sufficient customer demand exists or that sufficient economic advantage exists to justify the expenses involved. Illinois Power has not received any indication that customers or suppliers desire the unbundling of metering and billing service beyond current levels.

Thus, it appears that customer demand and any economic advantage are not large enough to support the metering and billing unbundling efforts made to date. No meter service providers have registered in Illinois Power's territory. Staff noted that metering and meter reading charges make up about 1% of a typical electric bill. Given the limited adoption of the more promising unbundled components of electric service, it seems unlikely that customers or suppliers would place significant value on further metering and billing service unbundling.

If you have any questions or if you need additional information please contact me at (217) 424-7396.

Sincerely,

Marla Bishop
Government & Regulatory Affairs